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TWENTY-FIFTH ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

*Incorporated on the First of August, 1873,*

*By License of the Board of Trade.*

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**For the Year 1897.**

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TO BE SUBMITTED TO THE  
GENERAL MEETING OF MEMBERS OF  
THE CORPORATION,

CONVENED FOR

The 3rd of MARCH, 1898, at 3 O'CLOCK P.M.,

*At the Councilhouse, 17, Moorgate Street,  
in the City of London.*

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LONDON :  
COUNCILHOUSE, No. 17, MOORGATE STREET.

FEBRUARY, 1898.



## MEMBERS OF THE COUNCIL.

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THE RIGHT HON. SIR JOHN LUBBOCK, BART., M.P., F.R.S., *Chairman.*

THE HON. SIR C. W. FREMANTLE, K.C.B., *Vice-Chairman.*

RICHARD BIDDULPH MARTIN, ESQ., M.P., *Deputy-Chairman.*

CHARLES E. BARNETT, ESQ.

W. H. BISHOP, ESQ.

E. O. P. BOUVERIE, ESQ.

W. R. FARQUHAR, ESQ.

ADMIRAL FIELD, M.P.

THE RIGHT HON. SIR MOUNTSTUART

E. GRANT DUFF, G.C.S.I.

THE RIGHT HON. W. L. JACKSON, M.P.

THE RIGHT HON. W. LIDDERDALE.

W. R. MALCOLM, ESQ.

J. W. PHILIPPS, ESQ., M.P.

THE RIGHT HON. LORD PLAYFAIR,  
G.C.B.

SIR G. RUSSELL, BART., M.P.

HIS HONOUR JUDGE SNAGGE.

CORNELIUS SURGEY, ESQ.

THE RIGHT HON. SIR EDWARD  
THORNTON, G.C.B.

WILLIAM TROTTER, ESQ.

SIR HENRY W. TYLER.

GEN. SIR LUTHER VAUGHAN, K.C.B.

### *Secretary.*

J. P. COOPER, ESQ.

### *Assistant Secretary.*

C. J. MOREY WEALE, ESQ.

### *Solicitors.*

MESSRS. TRAVERS SMITH, BRAITHWAITE & ROBINSON.

### *Notary.*

JOHN VENN, ESQ.

### *Auditors.*

MESSRS. COOPER, WINTLE, SAINSBURY & CO.

### *Bankers.*

MESSRS. ROBARTS, LUBBOCK & CO.

# The Corporation of Foreign Bondholders.

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## NOTICE OF GENERAL MEETING.

NOTICE IS HEREBY GIVEN that the TWENTY-SIXTH ORDINARY GENERAL MEETING of the CORPORATION OF FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 17, Moorgate Street, in the City of London, on Thursday, the 3rd day of MARCH, 1898, at 3 o'clock, p.m., for the following purposes :—

- (1.) To consider the Report of the proceedings of the Council, and the Statement of Accounts made up to the 31st December, 1897.
- (2.) To elect four Members of the Council, in the place of Mr. C. Surgey, Mr. W. Trotter, Sir H. W. Tyler, and the Right Hon. Sir M. E. Grant Duff, who retire by rotation, but, being eligible, offer themselves for re-election.
- (3.) To elect Auditors for the ensuing year. Messrs. Cooper, Wintle, Sainsbury & Co., the retiring Auditors, offer themselves for re-election.
- (4.) To transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

By order of the Council,

JAMES P. COOPER,

*Secretary.*

COUNCILHOUSE,

17, MOORGATE STREET, E.C.

17th February, 1898.

TWENTY-FIFTH REPORT  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

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THE Council have the honour of submitting to the Members of the Corporation their Twenty-fifth Annual Report, together with the Balance-sheet made up to the 31st of December, 1897. The Appendix will be published later, in the usual course.

An Executive Decree was issued on March ARGENTINA. 27th, 1897, approving the sanction of Congress to the anticipation by one year of the payments fixed by the Romero-Rothschild Agreement, with regard to the National External Loans. Under this Decree the full amount of the coupons on the 14 Loans included in that Agreement is to be remitted from the 12th of July, 1897, to the 12th of July, 1898, to be distributed amongst the Bondholders in the manner arranged between the Rothschild Committee and the Bondholders. From the 12th of July, 1898, to the 12th of July, 1901, the Government is to remit the full amount of the coupons, so that each Loan is entitled to be paid interest in full

after the former date. After the 12th of July, 1901, the full service of both interest and sinking fund is to be resumed.

At a meeting of the Rothschild Committee, held on the 11th of December last, it was resolved that the dividend due on the 1st January, 1898, should be paid in full on the 5 per cent. Customs Loan of 1886-7. The Committee also expect to pay, in March, 1898, the Certificates issued in respect of the 1 per cent. unpaid on the same Loan during the four preceding years, and to apply the balance to the payment, *pro rata*, in July, 1898, of the Certificates issued in respect of the 1 per cent. unpaid on the Funding Loan.

BUENOS AYRES LOANS. An arrangement of the External Debts of the province of Buenos Ayres has at length been effected after a default lasting nearly seven years. A full account of the negotiations is given in the Appendix to the Council's Annual Report for last year. It will be seen that the matter was both difficult and delicate; not only did it involve agreements with two separate Governments—viz., that of the Nation and that of the Province—but it was also necessary to arrive at an understanding with four different groups of creditors whose interests were separately represented. The Government insisted that the apportionment of the new Bonds, to be received in exchange for the old securities, should be determined by the Bondholders, and each of the four groups were naturally of opinion that their own claims were deserving of special consideration. The Committee of 1883 Bondholders regarded the Ensenada Port as an especially valuable asset, while the representatives of the 1882-6 Bondholders argued that the taxes hypothecated to

their Loan (a large percentage of which is surrendered by the Province to the National Government under the arrangement), constituted a more tangible security. The German Committee, moreover, refused to recognise the right of any of the Loans to a larger proportion of the new Bonds on the ground of special hypothecations. After considerable negotiations, a basis of distribution was agreed upon, which, after providing for all charges in connection with the protracted negotiations, gave the three English Loans £83 and the German Loan £74 of new National 4 per cent. Gold Bonds in exchange for each £100 of existing Provincial Bonds. The Law of the Provincial Congress approving the arrangement also provided that it should not be carried into effect unless a majority of the Bonds were lodged with the Agents before the 31st of December, 1897. The deposit was opened on the 15th of November, and by the end of the year about 70 per cent. of the Bonds had been sent in. This has been largely increased by subsequent deposits.

The terms are no doubt disappointing, but it must be remembered that effort after effort to induce the Provincial Government to settle with their creditors had ended in failure, and there were no means of compelling the National Government to go further than they were disposed in assuming any liability for the Provincial Debts. It must also be borne in mind that the Bondholders, under the present Arrangement, receive a National instead of a Provincial security. Both the Agents of the Bondholders in the Argentine Republic and the issuing houses here and on the Continent were of opinion that it would have been unwise to reject the offer. The Council cannot, however, refrain from expressing their regret that the



\$680,000, cash, which the Province offered to pay as compensation for the acceptance of \$34,000,000 instead of the \$35,000,000 New National Bonds (upon which the negotiations were originally based), was withheld from the Bondholders, owing to the objections raised by the National Government to its payment by the Province.

The Council have also to report that a final settlement has been arrived at with regard to the City of Buenos Ayres Loan of 1888. It will be remembered that the National Bank guaranteed the payment in sterling of the principal and interest of this Loan, at the fixed rate of 32 pence to the dollar. Under the Arrangement made in 1892, the municipality undertook the payment of the Coupons in currency, and the rights of the Bondholders against the Bank were reserved. Subsequently, in 1893, an *ad referendum* Agreement was signed, which was referred by the National Government to a Commission. The Commission reported in favour of the proposed Arrangement, but the Government refused to ratify it. Further tedious negotiations then ensued, which have at length been brought to a successful conclusion, owing greatly to the tact and ability displayed by Messrs. Louis Cohen and Sons. Under the present Arrangement the Bondholders receive par in National 4 per Cent. Gold Bonds in exchange for each £100 existing Bonds, and 20 per cent. in New Bonds is also given for the coupons and drawn Bonds paid in currency. A meeting of the Bondholders was held at the Council House on the 18th of January last, when the proposals were unanimously accepted. The Arrangement is conditional on 70 per cent. of the old Bonds being lodged by March 13th, 1898. More than the required amount has already been deposited.

In November, 1897, an offer was made for ECUADOR. the purchase of the External Debt of Ecuador by the Guayaquil and Quito Railway Company, who hold a concession from the Government of Ecuador for the construction of the Trans-andine Railway. Under this proposal the Railway Company offer to give \$175 in Six Per Cent. First Mortgage Gold Bonds of the Railway guaranteed by the Government of Ecuador, and £2. 10s. in cash for each £100 of Bonds of the External Debt with Coupons in arrear from the 1st of May, 1896. The External Bonds are to be held in trust by the Council until the Railway Company furnishes a satisfactory guarantee for the payment of the principal and interest of the Railway Bonds; this guarantee to be given on or before the 1st of May, 1898, otherwise the Bondholders are entitled to receive back their securities and retain the £2. 10s. cash paid. This offer was contingent on three-fourths of the outstanding Bonds being deposited with the Council before the 1st of December last. Bonds deposited after that date are to forfeit the cash distribution. The proposals were submitted to and approved by a General Meeting of Bondholders held on the 27th of October, 1897. The requisite amount of Bonds was duly deposited within the time specified, and the funds required for the cash distribution were at once handed over by the Railway Company. On December 31st, £623,400 of Bonds had been lodged with the Council out of a total amount outstanding of £693,160, equivalent to about 90 per cent.

The Council hope that the Railway Company may render the Agreement effective by giving the guarantee in due course. Should they fail to do so, the Bondholders

who have lodged their Bonds with the Council will have received a cash bonus of £2. 10s. per cent., and their securities will be returned to them with all their original rights unimpaired.

The proposals which were under consideration during the early part of last year resulted in an *ad referendum* Arrangement being drawn up, which was ratified by Executive Decree of the Government of Costa Rica on May 25th, and approved by a General Meeting of Bondholders on June 3rd, 1897. Under this Arrangement, the interest on the "A" and "B" Bonds is to be reduced from 5 per cent. to 3 per cent. and  $2\frac{1}{2}$  per cent. respectively, and the coupons in arrear, amounting to £250,000, are to be exchanged for Certificates of the nominal value of £100,000, redeemable by drawings at par by the application of a sinking fund of £5,000 per annum. From October 1st, 1917, a sum of £10,000 per annum is to be applied to the amortisation of the principal of the Debt by purchases in the market. Although the Bondholders were asked, under this Arrangement, to submit to considerable sacrifices, yet, in view of the decided opinion expressed by the Conferences which had taken place, and at which holders of some £500,000 of Bonds were present, the Committee felt that they would not have been justified in declining the offer. At the General Meeting, holders representing nearly £600,000 of Bonds expressed themselves either in person or by letter as in favour of the acceptance of the proposals, whereas holders representing less than £150,000 of Bonds voted for their rejection.

The Council are convinced that, apart from the question of good faith, Costa Rica would have found it to her

ultimate advantage had she made a more equitable arrangement with her creditors. The Committee did everything in their power to obtain a larger initial rate of interest, and an ultimate return to the full 5 per cent., but the Government repeatedly refused to entertain these proposals. They succeeded, however, in obtaining some improvement on the terms originally offered by the Government.

About 97 per cent. of the Bonds have been deposited with the Council in acceptance of the Arrangement.

A rearrangement of the Debt of this  
 SANTO Republic has been made during the past  
 DOMINGO. year by the San Domingo Improvement  
 Company of New York, who hold a  
 contract from the Dominican Government for the collection  
 of the Customs Revenues of the Republic. Under this  
 settlement the 4 per Cent. Gold Bonds of 1893 issued in  
 Brussels are to be stamped as bearing  $2\frac{3}{4}$  per cent. interest  
 (rising to 4 per cent. contingent on an increase in the as-  
 signed revenues), and the interest in arrear to October 1st,  
 1897, is also to be converted into New  $2\frac{3}{4}$  per Cent. Bonds  
 at par. The 4 per cent. Bonds issued in Paris, and  
 known as "French Reclamation Consols," are to be  
 exchanged at par for New Four per Cent. Unified Bonds.  
 Both classes of Bonds are equally secured by a first  
 charge on all the General Customs Duties of the Re-  
 public, and on the special revenues assigned to the various  
 Debts included in the Arrangement. The balance of the  
 new issue is to be devoted to the conversion of the  
 foreign and domestic Floating Debts of the Republic.  
 The proposed Arrangement was approved by the

Committee representing the holders of Dominican Bonds in Belgium, where nearly the whole of the 1893 Loan is located. It was also submitted to and accepted by the Bondholders' Committee associated with the Council.

In connection with this matter it will be remembered that when the conversion of the Santo Domingo Loan of 1869 took place in 1888, some of the Bondholders were excluded on pretexts which the Council regarded as altogether unjust, and they have therefore consistently resisted any attempt to obtain a quotation on the London Market for Dominican Bonds until reparation was made to the excluded Bondholders. This has now been done, the Improvement Company having agreed to admit the excluded Bonds on fair and reasonable terms. They have since improved their offer by undertaking, after March 15th, 1898, to purchase the Scrip issued by the Council against the Old Bonds lodged with them at the rate of £27. 17s. cash for each £100 of 1869 Bonds. The Council take this opportunity of acknowledging the spirit of fairness which the Improvement Company has evinced throughout the negotiations with them.

The conversion of this Debt, under the  
 COLOMBIA. Arrangement concluded with the Colombian Government, was opened on June 23rd, 1897. As it was impossible for the definitive new Bonds to be ready for distribution by July 1st—the date on which the first coupon fell due—the Council issued Certificates carrying a scrip coupon. Mr. Gonzalo Ramos Ruiz, the new Consul-General of Colombia, who is to sign the Bonds, did not arrive in this country until the close of last year, so that arrangements had also to be made for

stamping on the Scrip the payment of the interest due 1st January, 1898. All the preliminaries have now been arranged, and Mr. Ruiz has commenced to sign the new Bonds. Out of the £1,913,500 old Bonds outstanding, upwards of £1,841,000 have been lodged with the Council for conversion to date. The Scrip will be exchanged for the new Bonds immediately the latter are signed.

Payments have been duly made by these GUATEMALA, States during the past year in accordance NICARAGUA, with the Arrangements recently effected PARAGUAY. with them. In the case of Guatemala, £92,520 of Bonds have already been amortised by the action of the sinking fund. The country has been passing through an acute financial crisis, and the recent assassination of President Barrios has rendered the political outlook very uncertain.

The disturbed condition of Nicaragua has also continued to cause anxiety, but it is satisfactory to record that the funds required for the Debt Service have been duly remitted. As it was impossible to procure bills in London, the Government, in May last, purchased and sent to London sufficient coffee to provide the amount required in sterling for the service of the Debt falling due on July 1st, 1897, and January 1st, 1898.

As regards Paraguay, the Council have not yet received the surplus resulting from the Yerba Maté duties, which is to be applied to amortisation in accordance with the Arrangement of August, 1895. The Council have urged the Government to remit the amount due forthwith, and they have recently received an assurance that the accounts

for 1896 and 1897 shall be liquidated at once, and the balance remitted to London.

The conditions affecting the revenues administered by the Council of the Ottoman Public Debt during the past year have to a large extent been a repetition of those prevailing in 1896. In both years the political conditions obtaining in the Turkish Empire were adverse, the spring of 1897, in particular, having been marked by the outbreak of the war with Greece, which, by the mobilisation of the army and the consequent decrease of working hands in the fields, must have lessened the productive power of the country. Nevertheless the harvests in both years proved abundant, while the rise in the prices of agricultural produce was such that, as recently described by Sir Vincent Caillard, in his report on the Third Quinquennial Period, the exports increased by leaps and bounds, and many parts of the country attained a degree of prosperity hitherto almost unknown. This fortunate circumstance reacted favourably on the revenues directly administered by the Council, the cash received at the Central Office at Constantinople in respect of these revenues having amounted in round figures, during the first ten months of the current financial year (March to December inclusive, 1897) to £T.1,059,000, or an increase of £T.25,000 over the same period in the preceding year.

The Tobacco Régie has, however, again been less prosperous, a result due to the want of proper security for the effectual working of the Monopoly. This matter has been fully discussed in Sir Vincent Caillard's recent report, from which it appears that the Imperial Ottoman

Government has not fully grasped how serious the situation is becoming. The Councils of Administration of the Public Debt and of the Tobacco Régie are at present engaged in active conference as to the best means of inducing the Government to take the necessary steps for the proper enforcement of the rights of the Tobacco Monopoly. It is to be hoped that their combined efforts may be successful in awakening the authorities to a due sense of their responsibility in the matter, but in any case it is not to be expected that any good result can be shown immediately, since the evil has been allowed to take such deep root. According to the advices received from Constantinople, there is no hope that the accounts for the current year will leave any profits to be divided. In that case the revenue from Tobacco for this year cannot amount to more than the annual rent of £T.750,000 less £T.50,000 refunded to the Monopoly Company on account of the Reftieh duties, but increased by the sum accruing to the Public Debt, as a partial set-off against such payment in accordance with the arrangement with regard to the Reftieh, described in Sir Vincent Caillard's last report (page 29). It must however be borne in mind that the Tobacco revenue corresponding to any year is encashed in the succeeding year, after the accounts have been made up. The actual revenue encashed this year will thus include the profits declared in 1896-7, *i.e.* for the Public Debt administration, £T.11,284 against £T.68,771 in the year preceding, or a decrease of £T.57,487, the decrease in 1896-7 as compared with 1895-6 having been £T.27,504.

As regards the Eastern Roumelian Annuity, it is satisfactory to report that an arrangement has been made for the resumption of payments, and that the arrears are being



redeemed at the dates agreed upon. The terms of the arrangement are described in full detail on pages 82 to 84 of Sir Vincent Caillard's report.

The Council are of opinion that although the practical effect of the settlement arrived at is to reduce, for the present, the already reduced Eastern Roumelian Annuity from £T.152,000 to £T.114,000, the Council of the Public Debt were wise in accepting the arrangement as the best possible under the circumstances.

On the whole, therefore, owing to the resumption of payments by the Bulgarian Government, to the satisfactory upward movement of the directly administered revenues, and to the economies in working which have been effected, it may be expected that the net revenue of the current year will, in spite of the decrease on the Tobacco receipts, prove to be the highest yet collected in any one year. But part of this increase, namely, the payment by Bulgaria of the agreed proportion of the arrears of the Eastern Roumelian Annuity, will terminate during the next financial year, and it would therefore be advisable to bear in mind the warning given by Sir Vincent Caillard in his report with regard to the Tobacco and Spirit Revenues.

ITUANA RAILWAY. The delay in the payment of the interest on the Ituana Railway Debentures still continues, the last Coupon paid being that due January 1st, 1896. Repeated assurances have been received from the President of the Railway Company that the money would be immediately forthcoming, but these assurances have unfortunately not been carried into effect. The Committee therefore requested

the Council to call in the Debentures, with a view to taking action in the Brazilian Courts. Out of a total of £150,000 Debentures outstanding, £122,000 have been lodged with the Council. The Agent of the Bondholders is expected to arrive in Rio early in March, with the object of instituting legal proceedings to enforce the payment of the overdue interest. Holders who have not yet lodged their Debentures with the Council are urged to do so without delay.

The Council regret to report that no ENTRE RIOS. arrangement has been come to during the BUENOS AYRES past year with the Province of Entre Rios.

CEDULAS. It was expected that the Argentine Congress would have taken the matter in hand during last summer. Nothing, however, was done. The Council concur with the Committee that the terms proposed under the Law of Congress of August 8th, 1896, are not such as they could recommend the Bondholders to accept, and it is therefore necessary to await a modification of that offer. It is hoped that the matter may be arranged after the reassembling of Congress in May next.

The Council also regret that no progress has been made with regard to the Provincial Cedulas during the past year.

A new concession for the construction of HONDURAS. the Inter-Oceanic Railway, the establishment of a Bank, and the settlement of the External Debt was, in April, 1897, granted by Congress to an American Company styled the Honduras Syndicate.

Under this scheme the Bondholders are offered £25 of

Bonds bearing  $1\frac{1}{2}$  per cent. interest, guaranteed by the Bank and the Railway, in exchange for each £100 of 10 per cent. Bonds, with interest in arrear for 25 years. It is also understood that the Syndicate intend to advertise shortly, requesting the Bondholders to send in their securities for conversion on the above-mentioned terms. The Council and Bondholders' Committee have the matter under consideration, and upon receipt of further information the Bondholders will be advised as to what in their opinion is the proper course to be pursued under the circumstances. Meantime, holders of Honduras Bonds who have not already done so, are requested to send to the Council their names, addresses, and the amount of their holdings.

The position of the Bondholders has been  
 GREECE. considerably modified, owing to the intervention of the Powers in the financial arrangements necessitated by the payment to Turkey of the indemnity arising out of the late war. The settlement of this question has involved the recognition of the rights of the holders of the External Debt. Negotiations regarding both these matters have been lately carried on at Athens between the Greek Government and Commissioners nominated by the six Great Powers. The scheme of arrangement of the External Debt follows very closely on the lines of the proposals submitted by the three Committees to the Greek Government in June, 1896 (see Appendix to Council's Report for 1896, pp. 150-153), the chief difference being that the collection of the assigned revenues is to be absolutely controlled by an International Committee appointed by the Powers.

It is expected that notification of the final approval of the Powers will be received shortly.

The differences between Portugal and PORTUGAL. the holders of the External Debt still remain unsettled. Both in 1896 and during last year measures were introduced into the Cortes dealing with the Debt, but they were of an unsatisfactory nature, and nothing further appears to have been done with regard to them. Pourparlers have recently been held with the Agent of the Government, but the terms suggested by him were altogether inadmissible, and the Committee declined to submit them to the Bondholders. A new Bill is now under the consideration of the Chambers, which authorises the Government to convert the Debt on terms more advantageous to Portugal than those existing at present. It is somewhat difficult to understand how the Government can expect any successful result from proposals which are initiated by them under such restrictions.

Notwithstanding a series of revolutionary URUGUAY. outbreaks, which caused a large falling off in the Customs Receipts, and which culminated in the assassination of the President, the service of the Debt has been regularly maintained. It is much to be regretted that no surplus can be looked for from last year as available for Sinking Fund. The Customs Receipts, have, however, recently shown a considerable increase. The political outlook appears, at present, to be very unsettled, the Chambers having, it is stated, been dissolved, and the Government placed in the hands of a Council of State.

After punctually remitting the sums required for the service of the Debt for sixteen years (with the exception of a short period when a Revolution occurred which temporarily delayed the payment of the coupons falling due in 1893) the Government of Venezuela in August last announced that, owing to the falling off in the Customs Receipts, it was compelled to suspend remittances for a time. In December the Government notified the Bondholders' agent at Carácas that payments would be resumed, and the instalment corresponding to that month has been duly remitted. The Council regret, however, to state that the instalment for January has not yet been paid.

After careful deliberation the Council RECONSTRUCTED decided to recommend the Certificate-holders to authorise them to introduce into Parliament a Bill for the reconstruction of the Corporation. The objects of this measure are summarised in the subjoined circular which was sent to each of the Certificate-holders.

COUNCIL OF FOREIGN BONDHOLDERS,  
17, Moorgate Street, London, E.C.  
10th November, 1897.

SIR,

In sending you the enclosed notice of a Special Meeting of Certificate-holders on the 18th instant, I am directed to briefly explain to you the purpose for which the Meeting is called, and the object of the Resolution which you will be asked to approve.

You are no doubt aware that of late years a considerable number of the Certificate-holders have strongly urged :—

1. That the election of the members of the Council should be placed on a different footing.
2. That an annual sum should be distributed, by way of dividend or otherwise, amongst the holders of Certificates.

As regards the first point, the election of members of the Council is in the power of the annual Meeting of the Corporation, and has always been conducted in strict accordance with the Articles of Association.

As to the second point, the Council have been advised on the highest legal authority that any annual distribution by way of dividend is absolutely precluded under the present constitution, and even if the payment of dividends were possible they believe that it would lower the position of the Institution, and seriously interfere with the functions for the performance of which it was founded.

The Council feel, however, that the constant agitation of these questions is calculated to weaken the usefulness of the Institution, and after much anxious consideration they recommend that application should be made to Parliament to reconstitute the Corporation on a new basis.

With this object the Bill (a copy of which can be obtained on application at this office) has been drafted for the approval of the Certificate-holders. The objects of the Bill may be briefly summarised as follows :—

1. To dissolve the present Corporation, and establish a new Corporation under the same name to take its place, with powers to deal with securities of all kinds, issued or guaranteed by Governments, States, Colonies, Provinces, Cities, Municipalities, Public Bodies, Boards, Corporations, Companies, etc.
2. To vest the management in a Council of twenty-one Members (with power to increase to thirty) seven of whom shall retire each year, and that the vacancies thus caused be filled :
  - (a) Four Members to be elected by such Public Body or Bodies, or other parties, or in such other mode as may from time to time be proposed by the Council and sanctioned by the Board of Trade.
  - (b) Three Members to be co-opted by the Council itself.

If the number of the Members of the Council is increased, the additional Members to be subject to the same provisions as are applicable to the ordinary Members. The first Council to consist of the Members constituting the present body.

As the Certificate-holders are asked to surrender their present right of election, it is proposed to appropriate, out of the available funds of the Corporation, a sum of not less than £2,000 per annum to the

redemption of the present Certificates of Permanent Membership by tenders, provided such tenders are below £100. Failing such tenders, outstanding Certificates to be redeemed by drawings at £100 each up to the amount of the annual appropriation.

When all the existing Certificates are redeemed, the whole of the funds and revenues of the Corporation would be exclusively available for the public purposes of the Institution, and stringent clauses are inserted in the Bill to preclude their diversion to any other object, either on a winding up or otherwise.

The Council have framed these proposals, on the one hand, to meet as far as possible the wishes of those Certificate-holders who desire some payment, and, on the other hand, to strengthen the Council by vesting its election in independent Public Bodies, having no interests to serve except those of English investors.

The Resolution, if passed, will have to be confirmed as a Special Resolution by a second Meeting, to be held not later than thirty days after the first Meeting.

I enclose forms of proxy for the two Meetings, which you are requested to sign and return at your earliest convenience, and in any case so as to reach me by the first post on Tuesday, the 16th inst.

I am, Sir,

Your obedient Servant,

JAMES P. COOPER,

*Secretary.*

An Extraordinary General Meeting of the Corporation was held on the 18th of November last, when the following Resolution was passed by the necessary statutory majority of three-fourths.

RESOLVED :—

That the Bill entitled "A Bill to reconstitute the Corporation of Foreign Bondholders" submitted to this Meeting be and is hereby approved, and that the Council be and is hereby authorised to introduce such Bill into Parliament and take the necessary steps with a view of the same being passed into law, and to pay all expenses of and incidental thereto out of the funds of the Corporation.

This Resolution was confirmed by a second Extraordinary General Meeting held on the 9th of December.

Mr. H. R. Grenfell has tendered his resignation of his seat on the Council, which has been accepted with regret, and the Rt. Hon. William Lidderdale has been elected to fill the vacancy.

The Council have to express their thanks to the representatives of the Governments of Argentina, Bavaria, Belgium, Colombia, Ecuador, Egypt, France, Greece, Luxembourg, Mexico, the Netherlands, Paraguay, Portugal, Russia, Turkey, Uruguay, Venezuela and the United States, for many valuable reports and works of reference.

The additions to the Library in 1897 amounted to 158 books and reports.

In accordance with the provisions of the Articles of Association, Mr. C. Surgey, Mr. W. Trotter, Sir H. W. Tyler, and the Rt. Hon. Sir M. E. Grant Duff retire from the Council by rotation, and, being eligible, offer themselves for re-election.

Messrs. Cooper, Wintle, Sainsbury, & Co., the retiring Auditors, offer themselves for re-election.

JOHN LUBBOCK, *Chairman.*

JAMES P. COOPER, *Secretary.*

*February 17th, 1898.*





BALANCE SHEET  
AND  
REVENUE ACCOUNT,  
MADE UP TO  
31ST DECEMBER, 1897.

# THE CORPORATION OF FOREIGN BONDHOLDERS.

Dr.	BALANCE SHEET	31st December, 1897.	Cr.
1. To Corporation Fund .....	£ 65,000	s. 0	
2. „ Loan Certificates, drawn, but not claimed, with interest to respective dates of drawing .....	760	7	
3. „ House Property Redemption Fund, separately invested as per contra .....	19,004	18	
4. „ Reserve for doubtful Advances and contingent Liabilities on Loan Accounts and for Depreciation in market value of Securities held .....	14,777	0	
5. „ Sundry Creditor Accounts, including fractional Certificates of Loans payable in Cash or in Bonds .....	19,574	11	
6. „ Balance of Revenue Account .....	19,308	11	
	£138,425	9	
			1. By Sundry Investments, valued at market prices of 30th December, 1897 (Account Day) ...
			£ 96,735
			s. 15
			d. 0
			2. „ Sundry Bonds, held as cover for outstanding Certificates ...
			786
			0
			0
			3. „ Metropolitan Board of Works 3½ per Cent. Stock, £17,000, for House Property Redemption Fund, as per contra .....
			19,004
			18
			6
			4. „ House Property—
			As per Balance Sheet, 31st December, 1896 ...
			6,500
			0
			0
			Additional to 31st December, 1897 ...
			58
			3
			9
			Less—Written off ...
			6,558
			3
			9
			58
			3
			9
			6,000
			0
			0
			5. „ Office Furniture as per Balance Sheet 31st December, 1896 ...
			400
			0
			0
			Additional to 31st December, 1897 ...
			26
			2
			5
			Less—Written off ...
			426
			2
			5
			26
			2
			5
			400
			0
			0
			6. „ Advances Made in prosecuting Claims on Foreign Loans and Sundry Debtor Accounts ...
			5,057
			8
			6
			7. „ Bills Receivable ...
			119
			14
			2
			8. „ Cash Balances—
			Robarts, Lubbock & Co., on Deposit Account ...
			7,000
			0
			0
			Robarts, Lubbock & Co., on Current Account ...
			2,472
			0
			11
			Petty Balances and Fractional Certificates in hand ...
			849
			12
			2
			10,321
			13
			1
			£138,425
			9
			3

Dr.	REVENUE ACCOUNT	January to 31st December, 1897.	Cr.
1. To Expenditure, viz. :	£	s. d.	£ s. d.
Ground Rent .....	290	0 0	18,884
Rates and Taxes .....	645	4 0	6 8
Salaries and Fees :—			3,043
Chairman of Council ...	£800	0 0	10 5
Vice-Chairman ...	500	0 0	
Other Members of Council ...	1,900	0 0	
Secretaries, Officers and Clerks ...	2,862	3 6	
	6,062	3 6	
House Expenses .....	371	12 10	
Incidental Expenses .....	139	17 5	
Advertising .....	19	13 0	
Printing and Stationery .....	362	9 0	
Newspapers, Postages and Telegrams .....	272	17 3	
Law Expenses, other than on Special Loan Accounts ...	132	8 2	
Library ...	7	12 10	
Cabs, Fares, and Messengers ...	3	10 0	
	8,307	8	
2. „ Corporation Fund (addition to) ...	5,000	0	
3. „ House Property Redemption Fund (addition to) ...	616	16	
4. „ Written off Lease, Alterations and Furniture ...	584	6	
5. „ Balance carried forward to next Account ...	19,308	11	
	£33,817	2	
			£33,817
			2
			0
			1898.
			January 1. By Balance brought forward...
			£19,308
			11
			4

The Securities held by the Corporation have been produced to us, and we have compared the above Balance Sheet with the Books and Vouchers, and have found the same in conformity therewith.

57, MOORGATE STREET, LONDON, E.C., 11th February, 1898.

COOPER, WINTLE, SAINSBURY & CO., Auditors.